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Attachment to SBC Amdmnt

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I.C.C. DOCKET NO. 03-0593

ATTACHMENT TO

ATT CROSS Exhibit No. 2 SBC ILLINOIS' AMENDMENT TO RESPONSE
TO JOINT CLEC MOTION TO STRIKE COST STUDY

Witness Chapman

Date 3-2-04 Reporter CJC

- The loop NRCs that are under consideration in 02-0864 concern only new UNE loops, ~~not loops that are migrated from one carrier's switch to another carrier's switch (i.e., not loops that are hot cut).~~¹ The rates SBC Illinois has proposed in this docket, ~~on the other hand, are rates for hot cuts performed under the three components of the "batch cut process" that SBC Illinois is asking the Commission to establish pursuant to FCC Rule 319(d)(2)(ii) (namely, the proposed Enhanced Daily process, the proposed Defined Batch process, and the proposed Bulk process).~~ The loop NRCs that are under consideration in 02-0864, ~~on the other hand, include no hot cut specific costs. pertain only to loops that are being migrated (i.e., hot cuts), and not to new UNE loops. See Direct Testimony of Carol A. Chapman, SBC Illinois Ex. 1, at 44, line 985-986 and n.12.~~² The Joint CLECs' assertion that "SBC has proposed new hot cut charges pending and under review in two separate cases presided over by two different ALJs" (Joint CLEC Motion at 7) is, therefore, wrong. SBC Illinois has proposed no hot cut charges in 02-0864 that would (or properly could) apply to any of the hot cut processes SBC Illinois has proposed in this case.
- Contrary to the Joint CLECs' assertion (at 10), there is no "rate structure inconsistency to SBC's loop nonrecurring rate proposals" in the two dockets. SBC Illinois is, appropriately, proposing rates in this docket for the hot cuts it will perform using a process to be established in this docket. Those rates will, appropriately, apply only to such hot cuts, and the rate structure in 02-0864 includes no rates for such hot cuts. The inconsistency that the Joint CLECs assert is based on their premise that in 02-0864, "SBC (in rebuttal) seeks a line connection charge applicable to all standalone UNE loop orders, whether migrations or new orders." (*Id.*) As indicated above, that is not so; the only UNE

¹ The Joint CLECs' Motion states (at p. 8) that SBC Illinois' January 23 rebuttal testimony in 02-0864 proposes line connection charges that include hot cuts. That is incorrect, and the mistake underscores that the Motion is deeply flawed because it is replete with factual assertions that are supported by no evidence.

² As Ms. Chapman clearly explains, the "loop connection charge will not apply" when hot cuts are performed using any of the options (Enhanced Daily Process, Defined Batch, or Bulk Project offering) that SBC Illinois is proposing in this proceeding. But the loop connection charge "will continue to apply for new loop connections."

~~loop orders to which the line connection charge that SBC Illinois is proposing in 02-0864 pertains are new orders, not migrations.~~³

- Because the costs at issue in this docket concern hot cuts under the processes SBC Illinois is proposing here (and only such hot cuts), and because the ~~line connection-NRCs in 02-0864 reflect no include only new installations, and not hot~~ cut costs for such hot cuts, none of the costs included in the batch cut study that SBC Illinois has submitted in this docket are included in the cost studies that SBC Illinois has presented in 02-0864, as SBC Illinois witness Lundy testifies in his Direct Testimony in this proceeding (at p. 12). There are, however, some discrete *activities* that are performed identically, and therefore at the same cost, both for new installations and for migrations. The costs of those activities should, SBC Illinois believes, be decided in this proceeding, and not in 02-0864 (except that they would be carried over to and adopted in 02-0864), for two related reasons: First, FCC Rule 319(d)(2)(ii)(A)(4) requires the Commission in this docket to “adopt rates for the batch cut activities it approves.” Second, the Commission must issue its final order in this docket by no later than July 2, 2004. Under those circumstances, the only way to absolutely ensure compliance with the FCC’s rule is for the Commission to decide in this docket everything that it needs to decide in order to adopt batch cut rates.

³ SBC Illinois assumes the Joint CLECs believe in good faith that the line connection charges proposed in 02-0864 include hot cuts, even though that is not the case. To the extent that SBC Illinois needs to clarify or correct its presentation in 02-0864 to avoid any continuing uncertainty on this score, SBC Illinois will do so.